# CMS Manual System

## Pub 100-04 Medicare Claims Processing

**Transmittal 860**

**Department of Health & Human Services (DHHS)**

**Centers for Medicare & Medicaid Services (CMS)**

**Date: FEBRUARY 17, 2006**

**Change Request 4326**

**SUBJECT: Remittance Advice Remark Code and Claim Adjustment Reason Code Update**

**I. SUMMARY OF CHANGES:** This CR contains information about remark codes MA02 and MA03. Remark Code MA02 has been updated effective December 29, 2005. As of January 1, 2006, Remark Code MA03 will not be used for Medicare Fee For Service (FFS). Medicare contractors must update their remittance advice maps/matrices as appropriate to incorporate those changes that impact their electronic and paper remittance advice, and coordination benefits transactions.

**NEW/REVISED MATERIAL**

**EFFECTIVE DATE: May 17, 2006**

**IMPLEMENTATION DATE: May 17, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

| R/N/D | Chapter / Section / Subsection / Title |
|---|---|

**III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

**IV. ATTACHMENTS:**

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

# Attachment – One-Time Notification

| Pub. 100-04 | Transmittal: 860 | Date: February 17, 2006 | Change Request 4326 |
|---|---|---|---|

**SUBJECT**: **Remittance Advice Remark Code and Claim Adjustment Reason Code Update**

## I. GENERAL INFORMATION

**A. Background:** Per the Health Insurance Portability and Accountability Act (HIPAA) of 1996, health plans must be able to conduct standard electronic transactions for transactions mentioned in the regulation using valid standard codes. Claim Adjustment Reason Codes (CARC) are required to be used in remittance advice and coordination of benefits transactions, and Remittance Advice Remark Codes (RARC) are required to be used in remittance advice transaction.

**B. Summary of Changes:** This update contains information about remark codes MA02 and MA03.

Effective December 29, 2005, Remark Code MA02 has been updated to reflect the following narrative: "If you do not agree with this determination, you have the right to appeal. You must file a written request for an appeal within 180 days of the date you receive this notice. Decisions made by a Quality Improvement Organization (QIO) must be appealed to that QIO within 60 days."

Additionally Remark Code MA03 will not be used for Medicare Fee for Service (FFS) effective within 30 days of issuance of this CR.

Medicare contractors must update their remittance advice maps/matrices as appropriate to incorporate changes that impact electronic and paper remittance advice, and coordination benefits transactions.

| Code | Current Modified Narrative | Modification Date |
|---|---|---|
| MA02 | If you do not agree with this determination, you have the right to appeal. You must file a written request for an appeal within 180 days of the date you receive this notice. Decisions made by a Quality Improvement Organization (QIO) must be appealed to that QIO within 60 days. | Modified eff. 12/29/05 |

**C. Policy:** For transaction 835 (Health Care Claim Payment/Advice) and standard paper remittance advice, there are two code sets – Claim Adjustment Reason Code (CARC) and Remittance Advice Remark Code (RARC) – that must be used to report payment adjustments, appeal rights, and related information. Additionally, for transaction 837 COB, CARC must be used. These code sets are updated on a regular basis. Medicare contractors must use only currently valid codes, and make the necessary changes on a regular basis as per this recurring code update CR or the specific CR that describes the change in policy that resulted in the code change.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*
*"Should" denotes an optional requirement*

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| 4326.1 | Intermediaries/RHHIs/Carriers/DMERCs and VMS shall stop using code MA03 within 30 days after issuance of this CR. | X | X | X | X | | | X | | |
| 4326.2 | Intermediaries/RHHIs/Carriers/DMERCs and VMS shall update the current narrative of remark code MA02 within 30 days after issuance of this CR. | X | X | X | X | | | X | | |

## III. PROVIDER EDUCATION

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| 4326.3 | A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. | X | X | X | X | | | | | |

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| | Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | | | | | | | | | |

## IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

### A. Other Instructions: N/A

| X-Ref Requirement # | Instructions |
|---|---|
| | |

### B. Design Considerations: N/A

| X-Ref Requirement # | Recommendation for Medicare System Requirements |
|---|---|
| | |

### C. Interfaces: N/A

### D. Contractor Financial Reporting /Workload Impact: N/A

### E. Dependencies: N/A

### F. Testing Considerations: N/A

## V. SCHEDULE, CONTACTS, AND FUNDING

| | |
|---|---|
| **Effective Date*:** May 17, 2006<br><br>**Implementation Date:** May 17, 2006<br><br>**Pre-Implementation Contact(s):** Tom Latella Thomas.latella@cms.hhs.gov (410) 786-1310<br><br>**Implementation Contact(s):** Sumita Sen at Sumita.sen@cms.hhs.gov or 410-786-5755 | **No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.** |

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